

Calendar No. 458

105TH CONGRESS }
2d Session }

SENATE

{ REPORT
105-241 }

QUARTERLY FINANCIAL REPORT PROGRAM

REPORT

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 2071

TO EXTEND A QUARTERLY FINANCIAL REPORT PROGRAM
ADMINISTERED BY THE SECRETARY OF COMMERCE



JULY 8, 1998.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

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WASHINGTON : 1998

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REAUTHORIZATION OF THE QUARTERLY FINANCIAL REPORT PROGRAM

JULY 8, 1998.—Ordered to be printed

Mr. THOMPSON, from the Committee on Governmental Affairs,
submitted the following

REPORT

[To accompany S. 2071]

The Committee on Governmental Affairs, to which was referred the bill (S. 2071) to extend a quarterly financial report program administered by the Secretary of Commerce, having considered the same, reports favorably on the bill and recommends that the bill do pass.

I. SUMMARY AND PURPOSE

S. 2071 reauthorizes through 2005 the Quarterly Financial Report program administered by the Census Bureau for the Secretary of Commerce. The purpose is to ensure a continuation of this survey that documents financial conditions for manufacturing, retail, wholesale and mining corporations each calendar quarter.

II. BACKGROUND

Section 91 of Title 13, United States Code, requires the Secretary of Commerce to collect and publish quarterly statistics on business operations and organizations, including data on sales, expenses, profits, assets, liabilities, stockholders' equity, and related accounts generally used by businesses in income statements, balance sheets, and other measures of financial condition. To meet these requirements, the Census Bureau conducts the Quarterly Financial Report (QFR) program.

The Quarterly Financial Report program has been authorized continually since 1947. It is a two-year (eight quarter) survey that documents financial conditions for manufacturing, retail, wholesale

and mining corporations each calendar quarter. It is a principal economic indicator of U.S. economic performance and a primary source of data for current estimates of the Gross Domestic Product and national income accounts. The QFR data are used for the Federal Reserve Board's Flow of Funds Accounts and are the sole source of unconsolidated nonfinancial corporate data. While the reporting rules and timing of the QFR data collection are structured to satisfy the specific needs of the GDP and Flow of Funds, these data support a host of other Government and private sector uses as well. For example, companies may use QFR data to compare their own performance to the industry average or as a source of information for making investment decisions.

In recent years, the Census Bureau has taken steps to reduce the burden of the QFR program on respondents. The current sample size of 8,000 companies for the 1998 QFR program is half the size of the 1988 program. Questions have been reduced by the use of short forms, and small companies that participate in the program do not have to participate again for up to ten years. The Bureau is also studying the use of electronic reporting methods to further reduce respondent burden. The Committee is encouraged by the Bureau's efforts to reduce the burden of the QFR program on respondents, and directs the Bureau to continue these efforts.

The Secretary of Commerce's authority to conduct the Quarterly Financial Report program terminates on September 30, 1998. S. 2071 would extend the authority to conduct this statistical program an additional seven years by changing the termination date specified in Title 13, United States Code, Section 91 note to September 30, 2005.

III. LEGISLATIVE HISTORY

S. 2071 was introduced by Senator Thompson on May 13, 1998. Senator Glenn was an original cosponsor.

The Committee dispensed with hearings and proceeded to consider S. 2071 on June 17, 1998. No amendments were offered. S. 2071 was ordered reported unanimously by voice vote.

IV. SECTION-BY-SECTION ANALYSIS

SECTION 1. EXTENSION OF QUARTERLY FINANCIAL REPORT PROGRAM

This section amends Section 4(b) of Public Law 97-454 (13 U.S.C. 91 note), as amended, by striking "September 30, 1998", which is the date on which the current authorization expires, and inserting "September 30, 2005".

V. ESTIMATED COST OF LEGISLATION

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 24, 1998.

Hon. FRED THOMPSON,
Chairman, Committee on Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2071, a bill to extend a

quarterly financial report program administered by the Secretary of Commerce.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Hadley (for federal costs), and May Eyles (for the private-sector impact).

Sincerely,

JUNE E. O'NEILL, *Director*.

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 2071—A bill to extend a quarterly financial report program administered by the Secretary of Commerce

Summary: S. 2071 would extend, until September 30, 2005, the requirement for the Bureau of the Census to produce its Quarterly Financial Report (QFR). Assuming appropriation of the necessary amounts, CBO estimates that preparation and publication of this report would cost about \$16 million over the 1999–2003 period.

S. 2071 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

S. 2071 would impose a private-sector mandate because it would extend the Secretary's authority to require certain businesses to file report and answer inquiries about business operations, organizations, practices, management, and relationships to other businesses.

Estimated cost to the Federal Government: For the purposes of this estimate, CBO assumes that S. 2071 will be enacted by the end of fiscal year 1998, and that the estimated amounts necessary to implement the bill will be appropriated by the start of each fiscal year. Estimated outlays are based on historical spending patterns for the Bureau of the Census and information provided by the agency. The estimated budgetary impact of S. 2071 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal years, in millions of dollars—					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law:						
Budget Authority ¹	3	0	0	0	0	0
Estimated Outlays	3	1	(²)	0	0	0
Proposed Changes:						
Estimated Authorization Level	0	3	4	4	4	4
Estimated Outlays	0	2	3	3	4	4
Spending Under S. 2071:						
Estimated Authorization Level ¹	3	3	4	4	4	4
Estimated Outlays	3	3	3	3	4	4

¹ The 1998 level is the amount appropriated for that year.

² Less than \$500,000.

Basis of estimate: The Quarterly Financial Report provides current statistics on the financial performance and conditions of domestic manufacturing, mining and trade corporations, based on an extensive sample of such corporations. In 1998, the Bureau of the

Census plans to spend approximately \$3 million on the QFR, and most of the costs are for personnel. Assuming that the bureau would maintain the current level of effort over the 1999–2003 period, the cost to the government would range between \$3 million and \$4 million a year.

Pay-as-you-go considerations: None.

Estimated impact on State, local, and tribal governments: The bill contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimated impact on the private sector: S. 2071 would extend the Secretary's authority to require certain businesses to file reports and answer inquiries about business operations, organizations, practices, management, and relationships to other businesses.

CBO estimates that direct costs of this private-sector mandate would fall well below the statutory threshold (\$100 million in 1996, adjusted for inflation). Based on information from the Census Bureau, we expect that the costs to the private sector would be approximately \$1 million per year, about the same as they are now.

Estimate prepared by: Federal Costs: Mark Hadley; Impact on the Private Sector: Matt Eyles.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

VI. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirement of paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory and paperwork impact of S. 2071. The legislation continues a survey in which approximately 8,000 companies participate for a two-year period. The Committee recognizes the reporting burden that the Quarterly Financial Report program places on respondents. The Census Bureau has taken steps to reduce the burden of this survey, including reducing the sample size, reducing the number of questions and excusing small companies which have participated in the program from participating again for up to ten years. Currently the Bureau is studying ways to further reduce burden through the use of electronic or Internet reporting. The Committee directs the Census Bureau to continue these efforts to reduce the burden of the QFR program on respondents to the greatest extent possible.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic* and existing law in which no change is proposed is shown in roman):

Public Law 97–454.—An Act To amend title 13, United States Code, to transfer responsibility for the quarterly financial report from the Federal Trade Commission to the Secretary of Commerce, and for other purposes (13 U.S.C. 91 note)

* * * * *

Section 4.

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(b) This Act, including the amendments made by this Act, shall cease to have effect after **【September 30, 1998】** *September 30, 2005*.

